

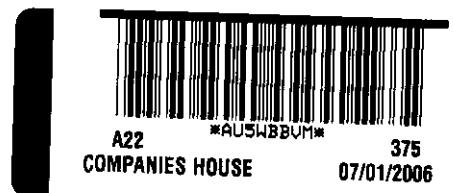
# **LONDON METROPOLITAN NETWORK LIMITED**

**Registration Number : 3913274**

**REPORT  
AND  
FINANCIAL STATEMENTS  
YEAR ENDED 31<sup>ST</sup> JULY 2005**



16 New Bridge Street London EC4V 6AX



**LONDON METROPOLITAN NETWORK LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31<sup>ST</sup> JULY 2005**

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**LONDON METROPOLITAN NETWORK LIMITED**

**COMPANY INFORMATION**

**Directors at the date of this report:**

Professor Rick Trainor (Chair of Board)  
Mr. Russell Altendorff  
Mr. Ed Carter  
Mrs. Theresa Drowley  
Mr. Philip Harding  
Ms. Caroline Jones  
Ms. Maggie Knights  
Mr. John Robinson  
Professor Roland Rosner  
Mr. Tony Rybacki  
Mr. Michael John Stone

**Company Secretary at the date of this report:**

Mr. Philip Harding

**Registered Office :**

20 Guilford Street  
London  
WC1N 1DZ

**Auditors :**

Knox Cropper  
16 New Bridge Street  
London  
EC4V 6AX

**Bankers :**

Barclays Bank PLC  
P.O. Box 1006  
Barking  
IG11 8AT

**Solicitors :**

Farrer & Co.  
66 Lincoln's Inn Field,  
London  
WC2A 3LH

**LONDON METROPOLITAN NETWORK LIMITED**

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31st July 2005.

**1. Legal Status**

The company is an incorporated company limited by guarantee with a memorandum and articles of association. The Members of the company are Higher Education Institutions and Further Education Colleges in the Greater London region. The liability of each Member is limited to such amount not exceeding one pound.

**2. Activities**

The principal activity of the company in the year was the provision of network facilities for colleges and universities in London.

**3. Results for the Year**

The result for the year is shown in the Profit and Loss Account on page 6 and the financial position of the company at the year end is shown in the Balance Sheet on page 7.

**4. Directors**

The directors in office during the period and up to the date of this report were as follows :

Professor Rick Trainor (Chair of Board)  
Mr. Russell Altendorff  
Mr. Ed Carter  
Mrs. Theresa Drowley (Appointed 31 January 2005)  
Mr. Philip Harding  
Ms. Caroline Jones (Appointed 31 January 2005)  
Mr. Michael Kahn (Resigned 30 April 2005)  
Ms. Maggie Knights  
Mr. John Robinson (Appointed 6 July 2004)  
Professor Roland Rosner  
Mr. Tony Rybacki (Appointed 11 April 2005)  
Mr. Michael John Stone  
Ms. Jean Sykes (Resigned 31 January 2005)

**LONDON METROPOLITAN NETWORK LIMITED**

**DIRECTORS' REPORT (Continued)**

**5. Review of the Business**

The Directors consider the company's performance for the year and its financial position at the year end to be satisfactory.

During the year London Metropolitan Network Limited continued to operate the network providing services to UKERNA, LMN members and external customers. Online backup and mail filtering services were in full operation.

The company has taken out Directors and Officers liability insurance at a cost of £1,365 for the year.

**6. Auditors**

Knox Cropper have indicated their willingness to continue in office and a resolution to propose their reappointment will be put to the members at the Annual General Meeting.

**7. Use of Public Funds**

The Directors confirm that payments received either directly or through UKERNA from the higher and further education funding councils have been applied for the purposes for which they were provided.

Approved by the Board of Directors on 9<sup>th</sup> December 2005 and signed on behalf of the Board by:



Philip Harding  
(Secretary)

**LONDON METROPOLITAN NETWORK LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT****TO THE MEMBERS OF LONDON METROPOLITAN NETWORK LIMITED**

We have audited the financial statements of London Metropolitan Network Limited for the year ended 31<sup>st</sup> July 2005 set out on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read other information contained in the financial statements, and consider whether it is consistent with the audited financial statements. This information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**BASIS OF AUDIT OPINION**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**OPINION**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31st July 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

16 New Bridge Street  
London EC4V 6AX

9<sup>th</sup> December 2005

*Knox Cropper*

Knox Cropper  
Chartered Accountants  
Registered Auditors

**LONDON METROPOLITAN NETWORK LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2005**

	Notes	2005 £	2004 £
Turnover	2	2,381,336	1,985,472
Cost of Sales		(2,139,270)	(1,708,069)
<b>Gross Profit</b>		242,066	277,403
Administration Expenses		(223,890)	(246,882)
<b>Operating Profit</b>	4	18,176	30,521
Interest Receivable and Similar Income	3	11,840	4,252
<b>Profit on Ordinary Activities before taxation</b>		30,016	34,773
Tax on Profit on Ordinary Activities	5	(1,301)	-
<b>Retained Profit for the Financial Year</b>		28,715	34,773
<b>Retained Profit Brought Forward</b>		148,554	113,781
<b>Retained Profit Carried Forward</b>		£177,269	£148,554

There were no recognised gains or losses other than those shown above. Therefore no separate Statement of Total Recognised Gains and Losses is produced.

All activities reflected above represent continuing operations.



**LONDON METROPOLITAN NETWORK LIMITED****BALANCE SHEET****AS AT 31<sup>ST</sup> JULY 2005**

	Notes	2005		2004	
		£	£	£	£
<b>Fixed Assets</b>					
Computer Equipment	7		-		-
<b>Current Assets</b>					
Debtors	8	584,695		710,036	
Cash at Bank and in Hand		485,617		453,276	
		<u>1,070,312</u>		<u>1,163,312</u>	
Creditors : Amounts falling due within one year	9	(176,088)		(471,740)	
<b>Net Current Assets</b>			894,224		691,572
Creditors : Amounts falling due after more than one year	10		(716,955)		(543,018)
<b>Total Assets Less Liabilities</b>			<u>£177,269</u>		<u>£148,554</u>
<b>Reserves</b>					
Profit and Loss Account			177,269		148,554
<b>Total Funds</b>			<u>£177,269</u>		<u>£148,554</u>

These Financial Statements were approved by the Board of Directors on 9<sup>th</sup> December 2005 and were signed on its behalf by:

*Richard H. Trainor*

Professor Rick Trainor  
(Director)

**LONDON METROPOLITAN NETWORK LIMITED****CASH FLOW STATEMENT FOR THE YEAR****ENDED 31<sup>ST</sup> JULY 2005**

	Notes	2005		2004	
		£	£	£	£
<b>Net Cash Inflow from Operating Activities</b>	11		21,950		354,711
<b>Returns on Investments and Servicing of Finance</b>					
Interest Received	3	<u>10,391</u>		<u>3,788</u>	
<b>Net Cash Inflow from Returns on Investments and Servicing of Finance</b>			10,391		3,788
<b>Capital Expenditure</b>					
Additions of Fixed Assets	7	<u>-</u>		<u>-</u>	
Taxation Paid			<u>-</u>		<u>-</u>
			<u>£32,341</u>		<u>£ 358,499</u>
<b>Increase in Cash for the year</b>	12		<u>£32,341</u>		<u>£ 358,499</u>

**LONDON METROPOLITAN NETWORK LIMITED****NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2005****1. ACCOUNTING POLICIES**

- The Financial Statements have been produced in accordance with applicable accounting standards and have been prepared under the historical cost convention.
- Debtors are stated net of full provision for doubtful items.
- Fixed assets which consist entirely of computer hardware and software are depreciated on a straight line basis over 3 years.
- Grants received to finance the purchase of computer hardware and software are treated as deferred capital grants and amortised to the profit and loss account over a three year period to offset the depreciation charge on the assets acquired. The amortisation of deferred capital grants to the profit and loss account is reflected within turnover.
- Items of income and expenditure are accounted for under the accruals concept.
- In accordance with FRS 19 "Deferred Tax" a full deferred tax provision is recognised for all liabilities in respect of short-term reversing timing differences. In the current year no provision was necessary.

**2. TURNOVER**

Turnover and profit are attributable to one class of business activity of the company undertaken in the United Kingdom. Turnover consists of:

	<b>2005</b>		<b>2004</b>	
	<b>Turnover</b>	<b>Operating Profit</b>	<b>Turnover</b>	<b>Operating Profit</b>
	£	£	£	£
Amortisation of deferred capital grants	-	-	83,781	-
Mail filtering commission	10,544	10,544	-	-
Online backup services	42,120	(2,422)	-	-
Grant funding	2,215,132	-	1,796,866	-
Subscriptions	113,540	10,054	104,825	30,521
	<u>£2,381,336</u>	<u>£18,176</u>	<u>£1,985,472</u>	<u>£30,521</u>

**3. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2005</b>	<b>2004</b>
	£	£
Accrued Bank Interest Brought Forward	(983)	(519)
Bank Interest Received	10,391	3,788
Accrued Bank Interest Carried Forward	2,432	983
	<u>£11,840</u>	<u>£ 4,252</u>

**LONDON METROPOLITAN NETWORK LIMITED****NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2005 (Continued)****4. OPERATING PROFIT IS STATED AFTER CHARGING**

	<b>2005</b>	<b>2004</b>
	£	£
Auditors' Remuneration		
Audit	3,500	3,500
Accountancy	700	-
Depreciation	-	92,115
Directors Liability Insurance	1,365	1,365
	<u>1,365</u>	<u>1,365</u>

**5. TAXATION**

UK Corporation Tax at 23.75%(2004:0%)	1,301	-
Under/Overprovision for preceding year	-	-
Total Current Charge	<u>1,301</u>	<u>-</u>
Deferred Taxation Originating from the reversal of Timing Differences	-	-
	<u>£1,301</u>	<u>£ -</u>
 Tax Charge Reconciliation:		
Profit on Ordinary Activities before Tax	<u>£30,016</u>	<u>£ 34,773</u>
 Profit on Ordinary Activities at the lower marginal rate of Corporation Tax, 23.75% (2004: small companies rate of 19%)	7,129	6,607
Capital Allowances less than Depreciation Charge for Year	-	17,502
Exempt Deferred Capital Grants	-	(15,918)
Utilisation of Tax Losses	(3,453)	(7,382)
Effect of zero rating of first £10,000	<u>(2,375)</u>	<u>(809)</u>
	<u>£1,301</u>	<u>£ -</u>

**6. EMPLOYEES' AND DIRECTORS' REMUNERATION**

The company employed two members of staff in the current year. One of the Directors was remunerated £21,667 for his services (2004 : Nil). No Directors were reimbursed expenses (2004 : £ nil).

The company utilised the services of employees of one of its members during part of the year and accepted recharges in respect of their payroll costs. Costs recharged in the current year amounted to £166,354 (2004 : £203,822). One of the company's directors during the year is an employee of this member company and amounts recharged in respect of this person amounted to £37,390 (2004 : £48,825).

**LONDON METROPOLITAN NETWORK LIMITED****NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2005 (Continued)****6. EMPLOYEES' AND DIRECTORS' REMUNERATION (Continued)**

<b>STAFF COSTS</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Gross Pay	24,444	-
Social Security Costs	2,868	-
Pension Costs	-	-
	<u>£27,312</u>	<u>£ -</u>

**7. FIXED ASSETS**

	<b>Computer Hardware and Software</b>	
	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Cost brought forward	819,569	819,569
Additions	-	-
Cost carried forward	<u>819,569</u>	<u>819,569</u>
Accumulated depreciation brought forward	819,569	727,454
Charge for year	-	92,115
Accumulated depreciation carried forward	<u>819,569</u>	<u>819,569</u>
Net Book Value 31 <sup>st</sup> July 2005	<u>£ -</u>	<u>£ -</u>

**8. DEBTORS**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Trade Debtors	377,283	551,861
Sundry Debtors	2,007	5,775
VAT Recoverable	64,223	-
Prepayments and Accrued Income		
Prepayments	138,750	151,417
Interest Receivable	2,432	983
	<u>£584,695</u>	<u>£710,036</u>

Trade debtors consist of members subscriptions and the costs recharged to members of linking to the network.

Prepayments represent maintenance contracts for the network.

**9. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR**

Payments Received on Account	20,500	45,893
Trade Creditors	140,423	309,286
Corporation Tax	1,301	-
VAT	-	99,592
Accruals	13,864	16,969
	<u>£176,088</u>	<u>£471,740</u>

Payments received on account represent revenue grants received in advance from UKERNA.

**LONDON METROPOLITAN NETWORK LIMITED****NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2005 (Continued)****10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	-----2005-----			2004	
	Subordinat- ed Loans £	Deferred Capital Grant £	UKERNA RPAN Reserve £	Total £	Total £
Balance brought forward	196,000	100,164	246,854	543,018	383,463
Receivable in the year	6,000	-	167,937	173,937	246,854
Loans previously recognised not received	-	-	-	-	(6,000)
Released to Profit and Loss Account	-	-	-	-	(81,299)
	<u>£202,000</u>	<u>£100,164</u>	<u>£414,791</u>	<u>£716,955</u>	<u>£543,018</u>

The subordinated loans are interest free loans provided by all the members of the company and they are refundable to members in the event of the company winding up but only after all other creditors have been settled in full.

The deferred capital grant represents a grant received from UKERNA to finance the purchase of equipment.

The UKERNA RPAN reserve represents grant funding received from UKERNA to be expended by the company on the provision or enhancement of the service it has agreed to provide.

**11. RECONCILIATION OF PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2005 £	2004 £
Profit on ordinary activities before taxation	30,016	34,773
Add: Depreciation charge for the period	-	92,115
Less: Interest receivable	(11,840)	(4,252)
	<u>18,176</u>	<u>122,636</u>
Decrease/(Increase) in debtors	126,790	(55,269)
(Decrease)/Increase in creditors	(123,016)	287,344
Net cash inflow from operating activities	<u>£21,950</u>	<u>£354,711</u>

**LONDON METROPOLITAN NETWORK LIMITED****NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2005 (Continued)****12. ANALYSIS OF CHANGES IN NET FUNDS**

	<b>At 31<sup>st</sup> July 2005 £</b>	<b>At 31<sup>st</sup> July 2004 £</b>	<b>Cash Inflow £</b>
Cash at Bank and in Hand	£485,617	£453,276	£32,341
	<b>At 31<sup>st</sup> July 2004 £</b>	<b>At 31<sup>st</sup> July 2003 £</b>	<b>Cash Inflow £</b>
Cash at Bank and in Hand	£453,276	£94,777	£358,499

**13. RELATED PARTY TRANSACTIONS**

The company utilised the services of employees of one of its members and accepts recharges in respect of payroll costs and book-keeping services.

Costs recharged are as follows :

	<b>2005 £</b>	<b>2004 £</b>
Staff Costs	166,354	203,822
Book-keeping fees	5,838	7,755
	<u>£172,192</u>	<u>£211,577</u>

One of the company's directors during the year is an employee of this member company and amounts recharged in respect of this person, and included in Staff Costs above, amounted to £37,390 (2004: £48,825).